

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF DELTA)	CASE NO. 97-066-A
NATURAL GAS COMPANY, INC.)	

O R D E R

On January 30, 1998, the Commission approved Gas Cost Recovery ("GCR") rates subject to refund for Delta Natural Gas Company, Inc. ("Delta"). The approved rates excluded a portion of a lease charge from an affiliated supplier of storage service, Deltran, Inc. ("Deltran") because Deltran's lease charge had been suspended by the Commission. On March 2, 1998, the Commission approved the proposed lease charge of Deltran to go into effect subject to refund pending a final decision in Case No. 98-055,¹ an investigation of the reasonableness of the monthly lease charge of Deltran. The Commission likewise, on that same date, approved GCR rates as originally proposed by Delta subject to refund. On April 24, 1998, a final Order was issued approving a monthly lease charge for Deltran of \$183,803 effective March 5, 1998, and ordering Deltran to submit a refund plan to refund to Delta the amount of the proposed lease charge that the Commission had found not to be reasonable.

The Commission finds that any amount refunded to Delta by Deltran should be returned to Delta's customers through the supplier refund adjustment of Delta's GCR

¹ Case No. 98-055, In the Matter of Tariff Filing of Deltran, Inc. to Establish Its Monthly Lease Charge.

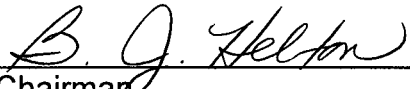
mechanism. That adjustment was created for circumstances such as supplier refunds resulting from supplier rates being placed into effect subject to refund.


IT IS THEREFORE ORDERED that:

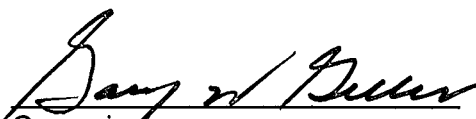
1. Delta's rates as approved in the Orders of January 30, 1998, and March 2, 1998 are hereby given final approval for those dates.
2. Any amounts refunded to Delta by Deltran shall be refunded to Delta's customers through the supplier refund adjustment that Delta will include with its forthcoming GCR filing for rates to be effective August 1, 1998.

Done at Frankfort, Kentucky, this 18th day of May, 1998.

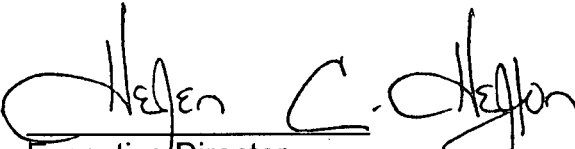
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director